



# CAMBRIDGE

Realty Capital Companies

125 SOUTH WACKER DRIVE | SUITE 1800 | CHICAGO, IL 60606 | M 312-357-1601 | F 312-357-1611  
WWW.CAMBRIDGECAP.COM

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## CAMBRIDGE REALTY CAPITAL EXECUTIVES SAY BORROWERS ATTENDING 19<sup>TH</sup> ANNUAL NIC CONFERENCE IN CHICAGO ARE GENERALLY MORE UPBEAT

Borrowers visiting with Cambridge Realty Capital Company executives during the 19<sup>th</sup> annual NIC Conference in Chicago were generally more upbeat about the industry's future, despite credit woes that have forced many to look beyond traditional sources to satisfy current funding needs.

Cambridge Chairman Jeffrey A. Davis said more than 100 sit-down meetings between Cambridge executives and senior housing/healthcare operators were scheduled during the three-day event, and the Cambridge team met informally with many others.

"The general mood of the conference was summed up nicely during a keynote address by parting NIC Board chair Kathryn A. Sweeney, who noted that the business is resilient," he said.

"We were literally inundated from beginning to end by borrowers wanting to learn how Cambridge might be able to help them find realistic funding solutions," he added.

In addition to Davis, Cambridge was represented at the conference by Senior Vice President Brent Holman-Gomez, Vice President Sampada D'silva, and Loan Manager Katie Trice. All were surprised by the high level of interest in new construction projects despite the current credit squeeze.

Although it's very difficult to get capital, it's a positive sign for the industry that there are indications of positive new construction, they agreed.

Holman-Gomez noted that independent living conversions to assisted living has become a very popular strategy at this time. Independent living residents are aging and there is some fear on the part of owners that these residents will be lost to assisted living facilities. There also is concern that the current economy is contributing to a decrease in independent living move-ins.

Some operators are getting units licensed within buildings or are considering licensure for the entire structure, he observed.

In another trend, he said operators are facing loan expirations and deadlines for which they have few options to meet. In these situations, existing creditors have been taking advantage of the situation by increasing interest rates.

"Some owners in this situation are candidates for HUD financing, and others for Cambridge's conventional program for loans of \$5 million or more," he said.

D'silva noted that the owner/operators she talked with were generally optimistic that the economy was improving. And most expected demand for senior housing/healthcare properties to rise over the next two years.

"This optimism was definitely kindled by the availability of HUD financing and the popular new HUD Lean program. Everyone wanted to know more about this program and how it differs from the past.

"Everyone was also asking about cap rates. And some were interested in alternative financing arrangements, like the sale/leaseback program Cambridge offers through its Cambridge Investment & Finance Company subsidiary," she said.

Although there was a lot of buzz regarding the possibility that some of the larger lenders would be re-entering the market, Trice points out that financing from HUD and local banks "seems to be the most promising at this time from the borrower's perspective. While things are beginning to turn around, it will still be quite some time before borrowers can begin calling some of the lenders they have worked with in the past.

"Borrowers with existing mortgages that will be coming due in the next 12 to 24 months should be aware that HUD financing is still a very viable option," she said.

Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading senior housing and healthcare debt and equity capital providers, with more than 300 closed transactions totaling more than \$2.75 billion since the mid-1990s.

Cambridge has consistently ranked among the country's top FHA-insured HUD lenders and offers conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's growing debt / equity financing strategy includes direct property acquisitions, joint ventures, distressed debt acquisitions and sale/leasebacks.

Cambridge is the creator of *The Signature Experience™*, a four-step process designed to transform the traditional lender / borrower relationship and identify "ideal" capital solutions for worthy projects. The company also has created four separate processes for customer groups that are designed to build and enhance long-term relationship potential and speed the way loans are processed and closed. Programs include *The Key To Capital™* for senior housing owners, *The Navigator Experience™* for senior housing brokers and mortgage bankers, *The Principal Lender Network™* for lenders who refer loans to Cambridge, and *The Relationship Building Experience™* for various industry-related consultants, including lawyers and accountants.

The company has an affiliate office in Los Angeles, and correspondent relationships nationwide. The firm also has established key origination relationships and numerous Internet-based strategies.

Cambridge's award-winning Web site, [www.cambridgecap.com](http://www.cambridgecap.com), provides current updates for its debt and equity capital programs. The company also publishes the bi-monthly e-Pulse! ® electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients. For additional information, contact Cambridge at (312) 357-1601 or via e-mail to [info@cambridgecap.com](mailto:info@cambridgecap.com).

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Contact:

Evan Washington

Phone: (312) 521-7603

Fax: (312) 357-1611

E-Mail: [ew@cambridgecap.com](mailto:ew@cambridgecap.com)

Twitter: <http://twitter.com/CambridgeCap>